



HEXTAR GLOBAL BERHAD

Company No.: 199001014551 (206220-U)

(Incorporated in Malaysia)

**Interim Report
For the 12-months Financial Year Ended
31 December 2020**



Interim Report for the 12-months Financial Year Ended 31 December 2020

Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mths) Current Year Quarter 31/12/2020 RM'000	(3-mths) Preceding Year Quarter 31/12/2019 RM'000	(12-mths) Current Year to-Date 31/12/2020 RM'000	(12-mths) Preceding Year to-Date 31/12/2019 RM'000
Revenue	100,761	82,765	417,608	337,278
Cost of sales	(79,975)	(64,722)	(326,580)	(271,508)
Gross profit	20,786	18,043	91,028	65,770
Other income	391	1,975	3,197	4,132
Selling and marketing expenses	(1,627)	(2,474)	(9,582)	(8,826)
Administrative and other expenses	(4,547)	(5,989)	(25,193)	(22,006)
Impairment of goodwill	-	-	-	(23,987)
Finance costs	(376)	(1,000)	(3,338)	(4,324)
Share of results of joint venture	169	123	577	423
Profit before taxation	14,796	10,678	56,689	11,182
Less: Taxation	(3,337)	(2,909)	(12,205)	(8,759)
Profit after taxation	11,459	7,769	44,484	2,423
Other comprehensive income/(expenses):-				
Foreign currency translation differences	(1)	(1)	-	-
Other comprehensive income/(expenses) for the financial year	(1)	(1)	-	-
Total comprehensive income for the financial year	11,458	7,768	44,484	2,423
Profit for the financial year attributable to:				
- Owners of the Parent	11,511	7,769	44,536	2,423
- Non-controlling interests	(52)	-	(52)	-
	11,459	7,769	44,484	2,423
Total comprehensive income attributable to:				
- Owners of the Parent	11,510	7,768	44,536	2,423
- Non-controlling interests	(52)	-	(52)	-
	11,458	7,768	44,484	2,423
Earnings per share				
Basic (sen)	1.40	0.95	5.48	0.31
Diluted (sen)	n/a	n/a	n/a	n/a

The unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2020

Unaudited Condensed Statements of Financial Position

	Unaudited as at 31/12/2020 RM'000	Audited as at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,393	45,542
Investment properties	9,733	5,249
Investment in joint venture	3,513	2,936
Right-of-use assets	20,162	18,839
Investment in club membership, at cost	47	74
Goodwill on consolidation	13,336	7,449
Product development expenditure	801	1,207
Trade receivables	20	-
Prepayment	2,244	2,872
Total non-current assets	91,249	84,168
Current assets		
Inventories	81,019	79,190
Trade receivables	102,800	124,833
Other receivables, deposits and prepayments	8,195	5,963
Amount owing by related companies	5,616	2,319
Current tax assets	243	454
Deposits with licensed banks	120	116
Cash and bank balances	17,205	29,435
Total current assets	215,198	242,310
Asset classified as held for sale	310	30,844
TOTAL ASSETS	306,757	357,322
EQUITY AND LIABILITIES		
Equity		
Share capital	169,913	169,913
Revaluation reserve	7,405	7,504
Exchange reserve	-	-
Retained profits	22,477	7,924
Non-controlling interests	1,472	-
TOTAL EQUITY	201,267	185,341
Non-current liabilities		
Lease liabilities	2,223	928
Term loans	9,658	12,720
Deferred tax liabilities	7,257	9,533
Total non-current liabilities	19,138	23,181

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2020

Unaudited Condensed Statements of Financial Position (Cont'd)

	Unaudited as at 31/12/2020 RM'000	Audited as at 31/12/2019 RM'000
Current liabilities		
Trade payables	24,835	27,452
Other payables and accruals	6,829	6,761
Provision	-	39
Amount owing to related companies	5	46
Amount owing to a joint venture	1,238	821
Lease liabilities	834	529
Term loans	3,168	23,797
Bills payable	43,018	86,433
Current tax liabilities	6,425	2,922
Total current liabilities	86,352	148,800
TOTAL LIABILITIES	105,490	171,981
TOTAL EQUITY AND LIABILITIES	306,757	357,322
No. of ordinary shares in issue ('000)	820,680	820,652
Net assets per share attributable to equity holders of the Company (RM)	0.25	0.23

The unaudited Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2020

Unaudited Condensed Statements of Cash Flows

	12-months ended 31/12/2020 RM'000	12-months ended 31/12/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	56,689	11,182
Adjustments for:-		
Amortisation	422	371
Depreciation	3,475	2,249
Impairment loss on goodwill	-	23,987
Intangible assets written off	26	-
Inventories written down	-	330
Interest expenses	3,338	4,324
Net impairment loss on trade receivables	353	755
Unrealised loss/(gain) on foreign exchange	748	(567)
Bad debt recovered	-	(21)
Loss/(Gain) on disposal of property, plant and equipment	773	(538)
Gain on forward currency contracts	-	(121)
Interest income	(398)	(271)
Write back of inventories	-	(95)
Share of net profits of equity accounted joint venture	(577)	(423)
Operating profit before working capital changes	64,849	41,162
Changes in working capital:-		
Inventories	(1,829)	11,984
Receivables	20,158	3,438
Payables	(3,180)	1,406
Related companies	(3,338)	(12,066)
	11,811	4,762
Cash from operations	76,660	45,924
Interest paid	(3,338)	(4,324)
Tax paid	(10,754)	(6,409)
Net cash from operating activities	62,568	35,191

The unaudited Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2020

Unaudited Condensed Statements of Cash Flows (Cont'd)

	12-months ended 31/12/2020 RM'000	12-months ended 31/12/2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(5,270)	7,737
Addition to right-of-use assets	-	(272)
Decrease in pledged fixed deposits with licensed bank	75	-
Interest received	398	271
Placement of deposits with licensed banks	(4)	(74)
Proceeds from disposal of property, plant, and equipment	30,073	540
Purchase of intangible assets	(14)	(503)
Purchase of plant and equipment	(3,592)	(3,200)
Repayment from related companies	-	1,000
Net cash from investing activities	<u>21,666</u>	<u>5,499</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid	(32,641)	(29,379)
Drawdown of term loans	-	860
Purchase of treasury shares	(7,707)	-
Net (decrease)/increase in bills payable	(44,216)	9,109
Net increase/(decrease) of lease liabilities	1,599	(401)
Net proceeds from disposal of treasury shares	10,266	-
Repayment to related companies	-	(128)
Repayment of term loans	(23,690)	(5,195)
Net cash for financing activities	<u>(96,389)</u>	<u>(25,134)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,155)	15,556
EFFECT OF FOREIGN EXCHANGE TRANSLATION	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	29,435	13,879
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>17,280</u>	<u>29,435</u>
CASH AND CASH EQUIVALENTS COMPRISE		
Deposits with licensed banks	120	116
Cash and bank balances	17,205	29,435
	<u>17,325</u>	<u>29,551</u>
Less: Deposits pledged to licensed banks	(45)	(116)
	<u>17,280</u>	<u>29,435</u>

The unaudited Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2020

Unaudited Condensed Statements of Changes in Equity

	Share Capital RM'000	Treasury Shares RM'000	<----- Non-distributable -----> Revaluation Reserve RM'000	Exchange Reserve RM'000	<-Distributable-> Retained Profits RM'000	Attributable to Owners of the Parent RM'000	Non-controlling interests RM'000	Total RM'000
As at 1/1/2020	169,913	-	7,504	-	7,924	185,341	-	185,341
Profit after taxation for the financial year	-	-	-	-	44,536	44,536	(52)	44,484
Other comprehensive income/(expenses) for the financial year:								
- Foreign currency translation	-	-	-	-	-	-	-	-
Total comprehensive income/(expenses) for the financial year	-	-	-	-	44,536	44,536	(52)	44,484
Contributions by and distributions to owners of the Company:								
- Acquisition of a subsidiary	-	-	-	-	-	-	1,524	1,524
- Purchase of treasury shares	-	(7,707)	-	-	-	(7,707)	-	(7,707)
- Treasury shares sold	-	7,707	-	-	2,559	10,266	-	10,266
- Dividends	-	-	-	-	(32,641)	(32,641)	-	(32,641)
Total transactions with owners	-	-	-	-	(30,082)	(30,082)	1,524	(28,558)
Realisation of revaluation surplus	-	-	(99)	-	99	-	-	-
As at 31/12/2020	169,913	-	7,405	-	22,477	199,795	1,472	201,267

The unaudited Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to this interim financial report.



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Unaudited Condensed Statements of Changes in Equity (Cont'd)

	Share Capital RM'000	Treasury Shares RM'000	<---- Non-distributable ----> Revaluation Reserve RM'000	Exchange Reserve RM'000	<-Distributable-> Retained Profits RM'000	Attributable to Owners of the Parent RM'000	Non-controlling interests RM'000	Total RM'000
As at 1/1/2019	84,075	-	7,676	-	52,612	144,363	-	144,363
Profit after taxation for the financial year	-	-	-	-	2,423	2,423	-	2,423
Other comprehensive income/(expenses) for the financial year:								
- Foreign currency translation	-	-	-	-	-	-	-	-
Total comprehensive income/(expenses) for the financial year	-	-	-	-	2,423	2,423	-	2,423
Contributions by and distributions to owners of the Company:								
- Distribution to owners of the Company	-	-	-	-	(17,904)	(17,904)	-	(17,904)
- Issued pursuant to acquisition of subsidiaries	85,838	-	-	-	-	85,838	-	85,838
- Dividends	-	-	-	-	(29,379)	(29,379)	-	(29,379)
Total transactions with owners	85,838	-	-	-	(47,283)	38,555	-	38,555
Realisation of revaluation surplus	-	-	(172)	-	172	-	-	-
As at 31/12/2019	169,913	-	7,504	-	7,924	185,341	-	185,341

The unaudited Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to this interim financial report.



Interim Report for the 12-months Financial Year Ended 31 December 2020

A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING

1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This unaudited interim financial report should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2019. The Group prepared its financial statements in accordance with the Malaysian Financial Reporting Standards (“MFRS”).

The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the change in the financial position and performance of Hextar Global Berhad (“Hextar” or the “Company”) and its subsidiaries (the “Group”) since the financial year ended 31 December 2019.

2. Significant Accounting Policies

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The following are accounting standards, amendments and IC interpretations of the MFRS that have been issued by the MASB but are not yet effective and have not been adopted by the Group:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 17 Insurance Contracts

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations when they become effective in the respective financial periods.

The adoption of the above accounting standards and amendments are expected to have no material impact on the financial statements of the Group upon their initial application.



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3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the preceding annual audited financial statements for the financial year ended 31 December 2019 were not subject to any qualification.

4. Seasonal or Cyclical Factors

The Group's agriculture business is sensitive to prolonged extreme weather conditions.

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review and financial period to-date.

6. Material Changes in Estimates

There were no material changes in estimates of amount reported that have a material effect on the current quarter under review and financial period to-date except as disclosed in the financial statements.

7. Details of Changes in Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities during the current quarter under review and financial period to-date.

8. Dividend

During the quarter under review, the Company proposed fourth interim single-tier dividend of 0.8 sen per ordinary share amounting to approximately RM6.57 million in respect of the financial year ended 31 December 2020. The entitlement date and payment date have been fixed on 10 March 2021 and 26 March 2021 respectively.

The Company had on 23 June 2020, 28 September 2020 and 28 December 2020 paid three interim single-tier dividend of 1.0 sen, 1.2 sen and 1.0 sen per ordinary share respectively, amounting to approximately RM26.12 million in respect of the financial year ended 31 December 2020.

The total dividend declared to-date for the current financial year of 4.0 sen per ordinary share, amounted to approximately RM32.68 million.



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9. Segmental Reporting

	12-months ended 31 December 2020					
	Investment Holding RM'000	Agriculture RM'000	Consumer Products RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External	-	392,958	24,531	119	-	417,608
Inter-segment	132,888	12,600	13,283	-	(158,771)	-
Total	132,888	405,558	37,814	119	(158,771)	417,608
Results						
Segment results	126,384	61,951	119	(175)	(129,227)	59,052
Finance costs	(990)	(2,161)	(187)	-	-	(3,338)
Finance income	161	206	27	4	-	398
Share of result of joint venture	-	577	-	-	-	577
Profit/(Loss) before taxation	125,555	60,573	(41)	(171)	(129,227)	56,689
Taxation	(255)	(13,749)	(12)	(119)	1,930	(12,205)
Profit/(Loss) after taxation	125,300	46,824	(53)	(290)	(127,297)	44,484
12-months ended 31 December 2019						
	Investment Holding RM'000	Agriculture RM'000	Consumer Products RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External	-	318,559	18,709	10	-	337,278
Inter-segment	122,514	3,654	7,640	-	(133,808)	-
Total	122,514	322,213	26,349	10	(133,808)	337,278
Results						
Segment results	118,503	46,029	(1,396)	(1)	(148,323)	14,812
Finance costs	(1,065)	(3,153)	(106)	-	-	(4,324)
Finance income	-	252	17	2	-	271
Share of result of joint venture	-	423	-	-	-	423
Profit/(Loss) before taxation	117,438	43,551	(1,485)	1	(148,323)	11,182
Taxation	(17)	(8,876)	13	(33)	154	(8,759)
Profit/(Loss) after taxation	117,421	34,675	(1,472)	(32)	(148,169)	2,423



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10. Valuation of Property, Plant and Equipment

The values of property, plant and equipment have been brought forward without amendments from the Company's previous annual audited financial statements for the financial year ended 31 December 2019.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period under review other than the following:-

- (a) On 11 March 2020, the Company incorporated a new company known as Hextar IOT Sdn. Bhd. ("IOT"). IOT is a 100% owned subsidiary of the Company. The initial issued and paid-up capital of IOT is RM100. Subsequently, the Company allotted RM99,900 to increase the share capital of IOT to RM100,000. IOT will be principally involved in the business of marketing, distribution and supply consultancy and management services of smart agriculture products using the 5G Technology to plantation industry.
- (b) On 30 November 2020, the Company completed the acquisition of 1,155,000 ordinary shares, representing 55% of the issued and paid-up share capital of Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.) for a total cash purchase consideration of RM7,750,000 ("the Acquisition").

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

- (i) Fair Value of Purchase Consideration

	Group and Company As at 30/11/2020 RM'000
Cash	7,750
Total purchase consideration	7,750

- (ii) Identifiable Assets Acquired and Liabilities Assumed

	Group As at 30/11/2020 RM'000
Property, plant and equipment	1,003
Investment properties	850
Other receivables, deposits and prepayments	102
Current tax assets	86
Cash and cash equivalents	2,480
Deferred taxation liabilities	(72)
Trade payables	(1,013)
Other payables	(49)
Fair value of net identifiable assets acquired and liabilities assumed	3,387



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11. Changes in the Composition of the Group (Cont'd)

(iii) Provisional goodwill Arising from Acquisition

	Group As at 30/11/2020 RM'000
Total consideration transferred (item (i) above)	7,750
Less: Fair value of identifiable net assets acquired and liabilities assumed (item (ii) above)	(3,387)
Non-controlling interests	<u>1,524</u>
Provisional goodwill from the acquisition of subsidiary	<u>5,887</u>

12. Contingent Liabilities

The contingent liabilities are as follows:

	Company As at 31/12/2020 RM'000
Guarantees given to financial institutions for facilities granted to subsidiaries	<u>195,260</u>

13. Capital Commitments

There were no material capital commitments entered into and not provided for by the Group during the current quarter under review.

14. Material Events Subsequent to the End of the Interim Reporting Period

There were no material events subsequent to the end of the interim reporting period reported.



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15. Related Party Transactions

The following table provides information on the transactions which have been entered into with related parties during the 12-months ended 31 December 2020.

		Transaction Value 31/12/2020 RM'000
	Note	
Sales of raw materials/finished goods:-		
PT Dharma Guna Wibawa	#	38,374
PT Delta Giri Wacana	#	48,964
Vitallium Sdn. Bhd.	#	15,150
Hextar Oil & Gas Sdn. Bhd.	#	10,027
Binapuri Sakti Sdn. Bhd.	#	1,098
Hextar Fert Sdn. Bhd.	#	196
Hextar KCS Sdn. Bhd.	#	82
Hextar Solution Sdn. Bhd.	#	7
Sales of R&D services:-		
Vitallium Sdn. Bhd.	#	252
Purchase of raw materials/finished goods:-		
Hextar Industrial Chemicals Sdn. Bhd.	#	438
Hextar Fert Sdn. Bhd.	#	170
Purchase of management services:-		
Hextar Asset Management Sdn. Bhd.	#	2,340
Rental of warehouse:-		
Hextar Industrial Chemicals Sdn. Bhd.	#	<u>387</u>

The directors and/or major shareholders of Hextar Global Berhad are either the directors and/or major shareholders of the Company or the persons connected with the Company by virtue of Section 197 of Companies Act 2016.



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B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

1. Review of Performance of the Group

The Group registered a revenue of RM100.76 million for the current quarter under review compared to RM82.77 million for the corresponding quarter in the preceding year, representing an increase of RM17.99 million or 21.7%. The increase was mainly contributed by the outstanding performance of Agriculture segment. As the Group's businesses fall within the essential service hence the Group was able to continue its operations without disruptions from the Coronavirus Disease ("COVID-19") impact.

On the year-to-date basis, the Group registered a revenue of RM417.61 million compared to RM337.28 million in the corresponding financial year of the preceding year, representing an increase of RM80.33 million or 23.8%. The Group had grown stronger in the sales to both local and oversea by yielding an increased gross profit margin of 21.8% as compared to 19.5% yielded in the corresponding financial year of the preceding year. The Group's strong fundamental was strongly supported by the Group's core competency in research and development by expanding the number product registrations.

The Group recorded a profit before taxation of RM14.80 million for the current quarter against RM10.68 million in the corresponding quarter of the preceding year, representing an increase of RM4.12 million or 38.6%. The higher profit before taxation for the current quarter was in line with the higher revenue recognised.

On the cumulative basis, the Group recorded a profit before taxation of RM56.69 million for the current financial year against RM11.18 million in the corresponding financial year of the preceding year. Had the Group excluded the one-off impairment of goodwill in the previous year, the Group would have recorded a profit before taxation of RM35.17 million. In comparison, the current financial year's profit before taxation increased by RM21.52 million or 61.2%. Furthermore, included in the profit before taxation of the current cumulative year, the Group had recognised a net foreign exchange loss of RM2.05 million as compared to RM0.32 million in the corresponding financial year of the preceding year.

2. Comparisons with the Immediate Preceding Quarter's Results

	(3-months) Current Quarter ended 31/12/2020 (RM'000)	(3-months) Preceding Quarter ended 30/9/2020 (RM'000)
Revenue	100,761	111,563
Profit before taxation	14,796	14,645



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2. Comparisons with the Immediate Preceding Quarter's Results (Cont'd)

For the current quarter ended 31 December 2020, the Group registered revenue of RM100.76 million as compared to the immediate preceding quarter of RM111.56 million, representing a decrease of RM10.80 million or 9.7%. The decrease was mainly due to lower sales recorded from both Agriculture and Consumer Products segments during year-end holiday season.

Despite the lower revenue registered for the current quarter under review, the Group recorded a profit before taxation of RM14.80 million as compared to RM14.65 million in the immediate preceding quarter, representing an increase of RM0.15 million or 1.0%.

3. Year 2021 Prospects

Agriculture

The Agriculture segment achieved a historical achievement for the current financial year 2020 despite the outbreak of COVID-19 and the implementation of movement control order ("MCO"). For year 2021, the segment will continue to intensify its sales and marketing efforts to secure more customers locally and oversea in order to boost our market shares as well as continuous developing of new products to improve our competitive advantage. Barring any unforeseen resurgence of COVID-19 and challenges ahead, the Group is well prepared and the Board is confident that the segment will continue to contribute a sustainable income in year 2021.

Consumer Products

The Consumer Products segment had successfully turnaround from a loss before taxation of RM1.48 million to a near to breakeven point of loss before taxation of RM0.04 million. The result was strongly driven by management's continuous effort in cost rationalisation and strengthening of operational efficiency. In view of year 2021, the segment will be moving to next phase in focusing to boost its revenue by market and product development. The segment is positive to achieve a result in the black and contribute to the Group positively.

Others

The Group continues its expansion plan by setting up a new subsidiary company, Hextar IOT Sdn. Bhd., in March 2020 to embark on 5G technology in plantation industry and successfully acquired Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.), in November 2020 to further involve in agriculture sector by providing solutions to the palm oil mill needs and bringing innovative solutions towards environment protections. The Board will continue to further explore on other potential opportunities beside leveraging on these technologies.

With the ongoing initiatives, the Board remains fully confident and poised to deliver a satisfactory financial performance for the financial year.

4. Financial Forecast and Profit Guarantee

The Group has not provided any financial forecast or profit guarantee in any public document.



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5. Taxation

The taxation figures are as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2020 RM'000	Preceding Year Quarter 31/12/2019 RM'000	Current Year to-Date 31/12/2020 RM'000	Preceding Year to-Date 31/12/2019 RM'000
Deferred tax	541	337	2,348	488
Income tax	(3,878)	(3,212)	(14,553)	(9,213)
Real property gains tax	-	(34)	-	(34)
	<u>(3,337)</u>	<u>(2,909)</u>	<u>(12,205)</u>	<u>(8,759)</u>

The effective tax rate for the current quarter under review for the Group is lower than the statutory rate of taxation is mainly due to realisation of deferred taxation recorded in certain subsidiary companies.

6. Status of Corporate Proposal

The Company had on 22 March 2021, announced a proposed Bonus Issue of up to 492,407,738 new ordinary shares in the Company ("Bonus Share(s)") on the basis of three (3) Bonus Shares for every five (5) existing ordinary shares in the Company held on an entitlement date to be determined and announced later ("Proposed Bonus Issue"). The proposed bonus issue is subject to approval from the authorities and shareholders.

7. Borrowings

The Group's borrowings as at 31 December 2020 and 31 December 2019 are as follows:

	As at 31/12/2020 RM'000	As at 31/12/2019 RM'000
Short-term borrowings		
<u>Secured</u>		
Term loans	3,168	23,797
<u>Unsecured</u>		
Lease liabilities	834	529
Bills payable	<u>43,018</u>	<u>86,433</u>
	<u>47,020</u>	<u>110,759</u>
Long-term borrowings		
<u>Secured</u>		
Term loans	9,658	12,720
<u>Unsecured</u>		
Lease liabilities	<u>2,223</u>	<u>928</u>
	<u>11,881</u>	<u>13,648</u>
Total	<u>58,901</u>	<u>124,407</u>



Interim Report for the 12-months Financial Year Ended 31 December 2020

8. Material Litigation

There were no material litigations involving the Group as at the date of this interim report.

9. Earnings Per Share

a. Basic

The basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company for the period by the weighted average number of ordinary shares in issue during the financial period under review.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2020	Preceding Year Quarter 31/12/2019	Current Year to-Date 31/12/2020	Preceding Year to-Date 31/12/2019
Profit attributable to equity holders of the Company (RM'000)	<u>11,511</u>	<u>7,769</u>	<u>44,536</u>	<u>2,423</u>
Weighted average number of ordinary shares in issue ('000)	<u>820,680</u>	<u>820,652</u>	<u>812,966</u>	<u>786,093</u>
Basic earnings per share (sen)	<u>1.40</u>	<u>0.95</u>	<u>5.48</u>	<u>0.31</u>

b. Diluted

The calculation of diluted earnings per ordinary share is the same with basic earnings per ordinary share as the Group has no dilutive potential ordinary shares.



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10. Notes to the Statements of Profit or Loss and Other Comprehensive Income

Profit/(Loss) before taxation is arrived at after charging/(crediting):-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2020 RM'000	Preceding Year Quarter 31/12/2019 RM'000	Current Year to-Date 31/12/2020 RM'000	Preceding Year to-Date 31/12/2019 RM'000
Amortisation	89	104	422	371
Depreciation	1,029	606	3,475	2,249
Impairment loss on goodwill	-	-	-	23,987
Intangible assets written off	-	-	26	-
Inventories written down	-	330	-	330
Interest expenses	376	1,000	3,338	4,324
Net impairment loss on trade receivables	(1,270)	871	353	755
Unrealised loss/(gain) on foreign exchange	486	(239)	748	(567)
Bad debt recovered	-	(21)	-	(21)
Loss/(Gain) on disposal of property, plant and equipment	929	(398)	773	(538)
Gain on forward currency contracts	-	(121)	-	(121)
Interest income	(88)	(101)	(398)	(271)
Write back of inventories	-	(95)	-	(95)
Share of net profits of equity accounted joint venture	(169)	(123)	(577)	(423)

By Order of the Board
HEXTAR GLOBAL BERHAD
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Lim Hooi Mooi
Company Secretary
Kuala Lumpur
22 February 2021